

VZCZCXYZ0011
RR RUEHWEB

DE RUEHJB #0411 1560909
ZNR UUUUU ZZH(CCY SIGNATURE AD0CA538E MSI7027-536)
R 050909Z JUN 07 ZDS
FM AMEMBASSY BUJUMBURA
TO RUEHC/SECSTATE WASHDC 0341
INFO RUCPDO/DEPT OF COMMERCE WASHDC
RUEHLGB/AMEMBASSY KIGALI 0014
RUEHDR/AMEMBASSY DAR ES SALAAM 0011
RUEHKM/AMEMBASSY KAMPALA 0033

UNCLAS BUJUMBURA 000411

SIPDIS

C O R R E C T E D COPY (SIGNATURE ADDED)

SIPDIS

FOR DEPT AND AF/C
E.O. 12958: N/A
TAGS: [EAID](#) [EINV](#) [EFIN](#) [BY](#)
SUBJECT: ADF IDENTIFIES POTENTIAL PROJECTS IN BURUNDI

REF: BUJUMBURA 409

11. SUMMARY: During a May 20-27 visit to Burundi, African Development Foundation (ADF) representatives identified promising sectors for future support and attended Burundi's Donor Round Table.

ADF gauged the climate for economic development for small and medium sized enterprises and surveyed current market opportunities, focusing on coffee, juice and fruit production, and microfinance. Local businesses cited the need for affordable credit in order to expand their operations. ADF also explored staffing and security issues with a view towards opening an office in Burundi at the beginning of fiscal year 2008. ADF met with the Burundian Second Vice President's office to further discuss the requisite ADF-Government of Burundi (GOB) Memorandum of Understanding (MOU). While the document is still unsigned, the GOB expressed strong support for ADF's assistance in Burundi. END SUMMARY

12. US African Development Foundation Regional Coordinator Christine Fowles arrived in Bujumbura on May 20 and was joined by ADF's Trade and Investment Advisor Don Welty on May 23. Ms. Fowles and Mr. Welty met with local and international NGOs, government officials, businesspeople, and industry representatives. In discussions with all partners, ADF stressed the importance of working directly with grassroots, African owned organizations that have a direct effect on every aspect of the supply chain, especially rural producers. The private sector opportunities are somewhat limited at this point given enterprise ownership that is often not entirely Burundian. On-going reforms in the coffee sector also will take place in the coming months and serve to better guide USADF's intervention strategy. In discussions with local NGOs, ADF's interlocutors responded favorably to ADF financing proposals and provided further contacts for consultation. According to many of these organizations, the most prominent need for small and medium sized enterprises is capacity building.

13. ADF met with several business people in the coffee, fruit, cheese, livestock, and banking sectors. The microfinance sector presents a possibility for ADF financing. While ADF usually focuses on agro-processing and value-added programs that have the strongest potential for profitability, socio-economic impact and replicability, micro financing is an avenue that quickly and efficiently affects large numbers of individuals. ADF expressed interest in working with those credit programs focusing on women and small farmers in the coffee and tea sectors, and especially with credit institutions having already received their accreditation as MFIs from the Central Bank of Burundi. In meetings with the Burundi Enterprise Network (BEN), ADF learned that the three major obstacles to growth in Burundi are the high taxes on imported items, the expensive and inconsistent energy supply (all electricity is produced hydroelectrically), and the usurious levels of interest on credit (18% - 21%) provided by local banks. The BEN sees ADF's no interest loans as a great resource for its members. Many

organizations also highlighted the endemic corruption in Burundi and its crippling effect on business development, among other things. Other businesspeople stressed the importance of coffee to the Burundian economy and its people. Estimates put the coffee sector as supporting as many as 800,000 farmers. ADF also explored other opportunities to reach small producer associations through the Catholic Church development network.

14. In arguably ADF's most successful consultation, the local juice maker Fruito provided a tour of its factory. In subsequent exchanges, ADF and Fruito identified several impediments to further growth of the company - structural, logistical, and financial. None of these constraints are substantial and should not inhibit further development provided they are addressed by Fruito. Improving the supply chain and working with farmers to increase and sell their fruit to an assured market has exciting potential and likely significant socio-economic impact.

15. Ms. Fowles and Mr. Welty also met with the Second Vice President of Burundi, Mr. Gabriel Ntisezerana, and his staff to discuss the details of the MOU that outlines the terms of an ADF and Government of Burundi partnership. Members of the Second Vice President's staff stressed that they are committed to the ADF proposal, but added that as yet Burundi's legal experts have not fully vetted the document. Thus, the GOB could not discuss the proposed MOU substantively. ADF also participated in the US delegation to the GOB's Roundtable for International Donors (reftel).

16. ADF also identified possible future points of contacts to represent them in advance of establishing a permanent presence in Burundi. Ms. Fowles asked several NGOs to expand on their experiences in hiring local staff, the challenges of obtaining an office, and security concerns for a locally-staffed ADF office and its employees.

MOLLER